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5 UNITED STATES BANKRUPTCY COURT  
6 EASTERN DISTRICT OF WASHINGTON

7 In re: )  
8 NICHOLAS P. HEILMAN, ) Case No. 05-08319-PCW7  
9 Debtor. )  
10 \_\_\_\_\_ )  
11 PAM HEILMAN, )  
12 Plaintiff, ) Adv. No. 08-80093-PCW  
13 vs. )  
14 NICHOLAS HEILMAN, ) MEMORANDUM DECISION  
15 Defendant. )  
16 \_\_\_\_\_ )

16 THIS MATTER comes before the Court upon stipulated facts. Plaintiff Pam Heilman seeks  
17 entry of a declaratory judgment declaring that defendant's obligations pursuant to the Lincoln County  
18 Superior Court Dissolution action under cause No. 06-3-01785-9 was not discharged by the debtor's  
19 discharge granted by this Court on January 11, 2006. The plaintiff seeks all costs and attorney fees as  
20 provided by law. This matter was presented to the Court without oral argument.

21 On April 14, 2002, plaintiff and debtor were married. During the marriage, the parties received  
22 from March 2004 through December 2004 approximately \$42,000 as loans from plaintiff's parents. The  
23 loans were for the primary purpose of supporting the plaintiff's daughter. Based on this financial  
24 arrangement, plaintiff discontinued use of community funds to financially support plaintiff's daughter.  
25 Debtor filed a Chapter 7 petition on October 3, 2005. The bankruptcy trustee determined that debtor's  
26 bankruptcy was a no asset case on November 9, 2005. On January 11, 2006, the debtor was granted a  
27 discharge.  
28


1 On June 9, 2006, plaintiff filed a petition for dissolution in the Superior Court for Lincoln  
2 County, and both parties participated in the proceeding. The marriage was dissolved by agreed order  
3 of the court on September 18, 2006. The Decree of Dissolution (hereinafter "Decree") identifies the  
4 loans as "community liabilities." The Decree includes a hold harmless provision, which requires debtor  
5 to "hold harmless" the former wife from collection efforts regarding the "community obligations,"  
6 including these loans by the former wife's parents.

7 On August 15, 2008, plaintiff commenced an adversary proceeding in this court seeking a  
8 declaratory judgment declaring that the debtor's obligation to pay loans under the Decree was not  
9 discharged by the debtor's discharge granted on January 11, 2006. Based upon 11 U.S.C. §§ 727(b) and  
10 524(a)(3), this court concludes that the debtor's obligation to pay the community debt was discharged  
11 in the debtor's bankruptcy proceeding.

12 Under § 727(b), a discharge under chapter 7 discharges the debtor from all debts that arose  
13 before the date of the order for relief, and any liability on a claim that had arisen before commencement  
14 of the case, whether or not a proof of claim is filed under § 501 or allowed under § 502. Section  
15 524(a)(3) provides that a discharge "operates as an injunction against the commencement or  
16 continuation of an action, the employment of process, or an act, to collect or recover from, or offset  
17 against, property of the debtor . . . that is acquired after the commencement of the case, on account of  
18 any allowable community claim . . . ."

19 The state court determined, upon agreement of the parties, that the loans were made to the  
20 community. Liability on the loan by the debtor and liability by the community was discharged by the  
21 Bankruptcy Court on January 11, 2006. No community liability nor any separate liability of the debtor  
22 existed as of the bankruptcy discharge. Under § 524, liability on the discharged debt cannot be revived  
23 except in very specific circumstances. None of those exceptions are applicable to this debt. Entry of  
24 a Decree of divorce in state court does not result in the revival of a debt validly discharged in a  
25 bankruptcy proceeding. The plaintiff argues that the court may enforce a hold harmless provision  
26 created by the Decree. The community obligations referenced in the Decree did not exist at the time of  
27 the Decree. The plaintiff cannot hold harmless another party for an obligation that does not exist. The  
28 obligation was discharged.

1           The plaintiff's Complaint for Declaratory Judgment Regarding Discharge of Debt must be  
2 **DISMISSED.** The Court will enter an order accordingly.

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26 \_\_\_\_\_  
27 Patricia C. Williams  
28 Bankruptcy Judge

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